

MGIC Mortgage Insurance with Job Loss Protection

Summary of Involuntary Unemployment Insurance and Accidental Death & Dismemberment

Michigan State Housing Development Authority loans insured by Mortgage Guaranty Insurance Corporation (MGIC) under a private mortgage guaranty insurance policy may also include job Authority protection coverage, which is made available through an involuntary unemployment insurance (IUI) policy and through an accidental death, dismemberment and disability (AD&D) policy purchased by MGIC from unaffiliated third-party insurers. A summary of Job Loss Protection terms, conditions and benefits follows.

INVOLUNTARY UNEMPLOYMENT INSURANCE (IUI)

Monthly Mortgage Payment Benefits for Involuntary Unemployment:

- The IUI coverage on your MGIC-insured loan may provide up to six monthly mortgage payments in the event that you or your co-borrower becomes involuntarily unemployed.
- The maximum monthly benefit is the lesser of your actual monthly mortgage payment or \$1,500. In the case of co-borrowers, the maximum is prorated based on the percentage of what the unemployed person's income is to the total borrower and co-borrower income at the time of unemployment.
- Monthly mortgage payment benefits are provided for a maximum of six months and only during the first three years of the loan; and maximum total benefits during the term of the IUI are \$9,000.
- Monthly mortgage payment benefit payments will be made directly to the servicer of your mortgage loan.

Vesting and Waiting Periods for Involuntary Unemployment Benefits:

- A 60-day vesting period applies. If you become involuntarily unemployed during the vesting period, no benefits will be paid for the duration of that occurrence.
- A 30-day waiting period from the date of involuntary unemployment applies before benefits begin.

Additional Limitations to Qualify for Involuntary Unemployment Benefits:

- You must have been continuously employed for wages or salary, on a full-time basis (minimum 30 hours per week), for 12 consecutive weeks prior to the effective date of unemployment.
- You must not have had knowledge of any impending involuntary unemployment as of your mortgage loan closing date.
- You must not be self-employed, an independent contractor, active military, work for a family member, or own greater than ten percent interest in your employer's business.
- You are eligible for state or local unemployment benefits and are able and available to work.
- You are not disabled due to sickness or accidental injury.

Exclusions for Involuntary Unemployment Benefits:

The following are events excluded from the definition of "involuntary unemployment":

- Voluntary resignation
- Criminal misconduct, willful misconduct or dereliction of duty resulting in termination of employment
- Normal seasonal shut-down
- Death or disability
- Time during which termination or severance pay is received

Coverage Ends:

- 36 months from closing of your loan, or
- Upon termination of MGIC's private mortgage guaranty insurance coverage, or
- Payoff or refinancing of your loan.

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Summary of Involuntary Unemployment Insurance and Accidental Death & Dismemberment (Continued)

ACCIDENTAL DEATH, DISMEMBERMENT and DISABILITY (AD&D)

Benefits for Accidental Death, Dismemberment or Disability:

- The following lump sum benefits may be available for accidental death or dismemberment:
 - \$12,000 for accidental death;
 - Up to \$12,000 for accidental loss of hand, foot, sight, speech or hearing.
- The following weekly payment benefits may be available for accidental disability:
 - Up to 26 weekly payments for up to 70% of the disabled borrower's or disabled co-borrower's weekly salary, not to exceed \$375 per week or \$1,500 per month.
 - A 14-day waiting period from the date of the accident causing the disability applies before benefits begin.
- Benefit payments will be made directly to the servicer of your mortgage loan and applied to the monthly mortgage payment or principal due on your mortgage loan.

Additional details regarding IUI and AD&D coverage will be mailed to you after the closing of your loan.

Please note that the IUI and AD&D coverages described are subject to conditions, exclusions and restrictions not necessarily included in this Summary. This Summary does not change the terms of the IUI Policy or the AD&D Policy. In the event of a conflict between the IUI Policy or the AD&D Policy and this Summary, the terms of the IUI Policy and AD&D Policy shall control. Benefit payments under the IUI Policy and the AD&D Policy may be subject to state and federal income tax consequences. You may want to consult your tax advisor concerning your individual tax situation.